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Mailed 1/24/98



Mark Young
New York Metro

January 26, 1998

To: Mark Labréque

Subject: Salem Cigars / Test product

Dear Mark,

I missed you last week when I was in Winston-Salem and met with Doug, Yvette and Carol. After talking to several direct accounts on cigars and the programs that have the possibility to get the direct accounts to work a new cigar product and work it well, is listed below:

Cost to Direct Account per box:	\$50.00	(used just as an example)
Off-Invoice to the DA :	<u>15%</u>	(off invoice / specific quantity allocation)
	\$ 7.50	per box for the direct account to utilize

<u>Example DA program:</u>	\$3.00	Retailer discount for buying & displaying
	2.50	Incentive to Jobber salesman
	<u>2.00</u>	Extra profit per box to DA
	\$7.50	

When you get a chance, give me a call. I'm interest in an update on exactly where you are on this project:

- * Timing
- * Pricing / wholesale
- * Case information ... boxes per case cigars per box
- * Direct account terms and dating

I look forward to talking to you and I do personally feel that we should get together with my Kam's and Account managers to discuss the complete program prior to attempting to roll it out to the test market.

Sincerely,

Mark Young

cc: Dave Wilmesher
George Moulton

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